

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2018-218-E

IN RE:)	
)	
Application of Duke Energy Carolinas,)	APPLICATION OF DUKE
LLC for Approval to Issue and Sell)	ENERGY CAROLINAS, LLC
Securities)	FOR AMENDED
_____)	AUTHORIZATION

Duke Energy Carolinas, LLC (the “Company”) hereby requests an amendment (“Amendment Request”) to the authorization granted by the Commission in Order No. 2018-538, Order Granting Authority to Issue and Sell Securities, issued in the above-referenced docket on August 7, 2018 (“Existing Authorization”). In Order No. 2018-538, the Commission authorized the Company to issue and sell a maximum of \$4,000,000,000 aggregate principal amount of a defined list of Proposed Securities, which included Long-Term Debt Securities, Long-Term Bank Borrowing, Tax Exempt Bond Obligations, Lease Financing Obligations and Interest Rate Management Agreements. The purpose of this filing is to request an amendment of the Existing Authorization to allow the Company to undertake a broader range of Lease Financing Obligations (“Leases”) in order to support Company operations. In support of this Amendment Request, the Company shows the following:

BACKGROUND AND REQUESTED RELIEF

The Existing Authorization permits the Company to enter into Leases under which it will utilize lease financing structures as another form of financing capital requirements with structures and terms similar to other forms of debt financing, but with the potential, in certain

instances, to lower the overall cost of financing property acquisitions. As originally proposed by the Company and authorized by the Commission, the Company is permitted to use Leases to finance the acquisition of new Property, for example, in connection with the construction of a new electric plant or the refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property's expected life:

Leases may be used to finance the acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property's expected life. The property expected to be leased will consist of electric generating facilities and equipment used in the Company's operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software and site licenses (collectively, the "Property").

Application for Approval to Issue and Sell Securities at 8, Duke Energy Carolinas, LLC, Docket No. 2018-218-E (filed June 29, 2018); *see also* Order No. 2018-218 at 5, Docket No. 2018-218-E (Aug. 1, 2018). The Company would like to expand the definition of "Property" to allow for the lease financing of office buildings and other real estate projects and to more clearly permit sale/leaseback financing to fund construction of leased property as well as acquisition. The North Carolina Utilities Commission approved this amended authorization in an order issued on April 18, 2019, which is attached hereto as Exhibit A to this Amendment Request.

The purpose of the amendment requested herein is to clarify the types of property that could be financed using lease methods authorized by Order No. 2018-538. If the amendment request is approved, the Company may pursue lease financing as an option for financing the construction of a new office building. A new office building would allow the Company to operate more efficiently, enhance employee productivity, and better serve its customers and communities. The Company will, through the consolidation of three office spaces, reduce its

overall footprint by 35 percent, from 2.3 million square feet of space to 1.5 million square feet. The aging buildings to be replaced are 40-plus years old, past their useful life, and require significant investment to maintain. To keep costs as low as possible for customers, the Company feels now is the most opportune time to build as costs for labor and materials continue to escalate. Additionally, customers would directly benefit as any revenues generated from rented, retail space would be utilized as an offset to customer rates.

To effectuate the amended authorization sought in this request, the Company requests an order from the Commission in this docket authorizing the amendment of the definition of “Property” to include the following additions:

Leases may be used to finance the construction or acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property’s expected life. The property expected to be leased will consist of (a) electric generating facilities and equipment used in the Company’s operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software and site licenses, and (b) real property, office buildings and other such property used in the Company’s operations (collectively, the “Property”).

The Company reaffirms, for purposes of this Amendment Request, the representations in its initial Application, which was filed with the Commission on June 29, 2018 in this docket, including the statements in section 10 thereof, “Purposes and Compatibility with Public Interest.”

CONCLUSION

WHEREFORE, for the reasons set forth above, the Company respectfully requests that the Commission grant the Amended Authorization requested herein.

Respectfully submitted, this 31st day of May, 2019.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1176

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

<p>In the Matter of Application of Duke Energy Carolinas, LLC for Authorization under North Carolina General Statutes § 62-161 to Issue and Sell Securities</p>	<p>) ORDER APPROVING APPLICATION) FOR AMENDED ORDER))</p>
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BY THE COMMISSION: On April 3, 2019, Duke Energy Carolinas, LLC (the Company) filed an Application for an amendment (Amendment Request) to the Commission's August 16, 2018 *Order Granting Authority to Issue and Sell Additional Securities* in this docket (Existing Order). In the Existing Order the Commission authorized the Company to issue and sell a maximum of \$4,000,000,000 aggregate principal amount of a defined list of Proposed Securities, which included Long-Term Debt Securities, Long-Term Bank Loans, Tax Exempt Bond Obligations, Lease Financing Obligations and Interest Rate Management Agreements. In the Amendment Request, the Company requests an amendment of the Existing Order, to allow the Company to undertake a broader range of Lease Financing Obligations (Leases) in order to support Company operations.

The Existing Order allowed the Company to enter into Leases under which it will utilize lease financing structures as another form of financing capital requirements, with structures and terms similar to other forms of debt financing but with the potential, in certain instances, to lower the overall cost of financing property acquisitions. Under section 3(iv) on page 4 of the Existing Order, the Company is authorized to use Leases to finance the acquisition of new Property, e.g., in connection with the construction of new electric plant or the refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property's expected life. Specifically, the Company requests the Commission to amend the definition of "Property" in the Existing Order as follows:

Leases may be used to finance the construction or acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property's expected life. The property expected to be leased will consist of (a) electric generating facilities and equipment used in the Company's operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software

and site licenses, and (b) real property, office buildings and other such property used in the Company's operations (collectively, the Property).

WHEREFORE, the Commission finds that the undertaking of obligations, in respect of Lease Financing Obligations in the manner set forth in the Amendment Request, is consistent with the findings and conclusions in the Commission's Existing Order in this docket. It is therefore ordered that the definition of "Property" in the Commission's Order in this docket dated August 16, 2018 is amended by replacing paragraph 3(iv) on page 4 as set forth above. It is further ordered that the Commission's Existing Order in this docket stay in full force and effect, except to the extent amended hereby.

ISSUED BY ORDER OF THE COMMISSION

This the 18th day of April, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in blue ink, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk